



## ***Food and Kindred Products Industry In Kentucky***



# The Food and Kindred Products Industry in Kentucky

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# Executive Summary

The food and kindred products manufacturing industry represents a large portion of the U.S. manufacturing sector. According to the Bureau of Economic Analysis, this industry accounted for over 12% of the nation's manufacturing gross domestic product in 2003.

The U.S. Bureau of Labor Statistics describes the food and kindred products industry as:

Food and Kindred Products (20) - This major group includes establishments manufacturing or processing foods and beverages for human consumption, and certain related products, such as manufactured ice, chewing gum, vegetable and animal fats and oils, and prepared feeds for animals and fowls.

In Kentucky, approximately 4.5% of the manufacturing jobs are in the food and kindred products industry. This industry has been successful in the Commonwealth for reasons such as:

- ☒ Low Business Cost
- ☒ Quality Workforce
- ☒ Central Location
- ☒ Rich Agricultural History

Kentucky's successful food and kindred product manufacturing facilities make significant contributions to the Commonwealth of Kentucky, including:

- In 2003, Kentucky's food and kindred products industry represented over 15% of the manufacturing gross state product.
- The Bureau of Economic Analysis reports Kentucky's 2003 gross state product for the food product industry, which includes food, beverage and tobacco manufacturing, as \$4,014,000,000. That accounts for 2.3% of the nation's GDP for the food product industry.
- The combined economic impact – direct, indirect and induced – of the food and beverage industry generated an estimated \$6.6 billion in value added to the Commonwealth's economy.

According to the Economic Development Cabinet's Business and Industry database, 182 food and kindred product manufacturers have chosen to locate facilities in Kentucky. These companies might have viewed Kentucky as a favorable place of doing business because of the Commonwealth's business climate, workforce, low business cost when compared to other states, central location or rich agricultural history. Kentucky is a state where the food and kindred product industry thrives.

# Business Cost Comparison

Economists with *Economy.com, Inc.* (formerly *Regional Financial Associates, Inc.*) have concluded that relative business costs are the most important long-term determinant of state economic performance. Several business cost indices were developed to compare the relative cost of doing business in each state, and in the District of Columbia. The overall business cost index includes energy costs, tax burdens, and labor costs. The individual indices were weighted according to historical ability of factors to explain growth, with energy costs weighted 15 percent, tax burdens 10 percent, and labor costs 75 percent.

Kentucky has been determined to have the lowest overall cost of doing business when compared to surrounding states and with states that are generally considered to be economic competitors with Kentucky. The index utilized to measure the overall cost of doing business within a state ranks Kentucky as the state with the 4<sup>th</sup> lowest cost nationally with a state index of 85.0, 15% less than the national average. The only states with lower overall costs of doing business are Wyoming, South Dakota and New Mexico. (*North American Business Cost Review*, 11<sup>th</sup> Edition, March 2005).

## Cost of Doing Business: 2003 Kentucky and Surrounding States: 2003

Competitor States	Overall Cost of Doing Business		Unit Labor Cost		Energy Cost		State & Local Taxes	
	Business Index	Rank	Cost Index	Rank	Energy Index	Rank	Tax Index	Rank
United States	100.0		100.0		100.0		100.0	
Kentucky	85.0	4	87.00	4	66.5	1	97.6	26
California	119.5	50	112.50	47	162.5	50	107.5	42
Georgia	96.2	17	100.00	23	81.4	14	90.7	11
Illinois	102.3	30	104.00	30	98.1	36	96.1	23
Indiana	97.8	22	102.30	27	76.8	10	95.7	21
Michigan	108.3	42	112.40	45	92.4	30	101.1	36
Mississippi	102.7	31	106.00	36	89.0	28	98.0	28
Missouri	95.1	15	99.60	22	76.6	9	88.7	7
Ohio	101.7	28	102.30	28	94.7	32	107.3	41
Tennessee	94.2	14	98.40	20	83.2	18	78.9	2
Virginia	101.7	29	108.60	41	77.0	11	86.9	6
West Virginia	103.3	34	108.60	40	73.5	5	108.3	45

**Note: A ranking of one (1) represents the lowest cost. United States Average Cost Index = 100.0**

Source: North American Business Cost Review (2003), 11th Edition, Prepared by Economy.com, Inc.--Updated March 2005.

# Labor Cost Comparison

The labor costs for Kentucky employers in the food and kindred products industry compare favorably to surrounding states, especially when you consider the productivity of the Kentucky workforce. Kentucky's average annual wages are below the U.S. average for all of private industry and manufacturing, while the state's food and kindred products manufacturing wages are only slightly higher than the national average and less than three surrounding states. For all private industry, the average annual wages in Kentucky are lower than all but one surrounding state. The Cost of Doing Business Table (on the previous page) shows that Kentucky ranks first among surrounding and competitor states with respect to the lowest unit labor cost. A recent study on the cost of workers compensation finds that the cost of providing workers compensation insurance is below the national average. (Note: Ohio data is not available for workers compensation cost index because it is one of five states that provided workers compensation insurance exclusively through a state fund.)

## Food & Kindred Products Industry Wages

Kentucky Average Weekly Wages 2004	
All Industries	\$638
Agriculture, Forestry, Fishing and Hunting	498
Mining	934
Construction	663
Manufacturing	832
<b>Food &amp; Kindred Products</b>	<b>651</b>
Trade, Transportation, and Utilities	595
Information	735
Financial Activities	802
Services	524
Public Administration	617
Other	702

2004 Average Annual Pay (Kentucky and surrounding states)			
	F&KP Manufacturing	All Manufacturing	All Industries
US	\$35,893	\$47,861	\$39,354
Illinois	42,471	48,639	42,277
Ohio	40,550	47,506	36,441
Tennessee	38,277	42,048	34,925
<b>Kentucky</b>	<b>36,674</b>	<b>43,246</b>	<b>33,165</b>
Missouri	34,906	42,668	34,845
Indiana	34,733	47,638	34,694
Virginia	32,520	41,988	40,534
West Virginia	26,632	42,769	30,382

2004 F&KP Industry Establishments (Kentucky and surrounding states)	
US	32,521
Illinois	1,585
Ohio	1,110
Missouri	693
Indiana	545
Virginia	509
Tennessee	452
<b>Kentucky</b>	<b>335</b>
West Virginia	109

2004 F&KP Industry Employment (Kentucky and surrounding states)		
State	Employment	% Total Employment
US	1,656,342	1.28%
<b>Kentucky</b>	<b>27,681</b>	<b>1.60%</b>
Tennessee	39,151	1.48%
Missouri	38,457	1.46%
Illinois	78,497	1.38%
Ohio	61,755	1.17%
Indiana	31,977	1.12%
Virginia	37,542	1.07%
West Virginia	3,801	0.55%

Sources: Quarterly Census of Employment and Wages, US Department of Labor, Bureau of Labor Statistics, Annual 2004, January 2006.

## Tax Costs

Kentucky continues to be ranked as the state with the *lowest* overall cost of doing business among surrounding and competitor states according to Economy.com. The March 2005 edition of the *North American Business Cost Review*, 11<sup>th</sup> edition, measures the cost of doing business within a state for unit labor cost, tax burden, and energy cost.

When compared to the top 10 states for market value of agricultural products, Kentucky ranks lowest in per capita state and local property tax and state and local tax burdens, respectively. Nationally, Kentucky ranks 7<sup>th</sup> lowest in per capita state and local government property tax burden, and 15<sup>th</sup> lowest in per capita state and government tax burden.

**Competitor State Tax Burden: 2002**

Kentucky vs. Competitor States	Per Capita State and Local Government Property Tax Revenue		Per Capita State and Local Government Tax Revenue	
	Per Capita	National Rank	Per Capita	National Rank
<b>United States</b>	<b>969</b>		<b>3,143</b>	
California	864	21	3,442	42
Florida	944	30	2,688	17
Illinois	1,261	40	3,303	37
Iowa	981	34	2,839	25
Kansas	931	27	2,940	26
<b>Kentucky</b>	<b>483</b>	<b>6</b>	<b>2,636</b>	<b>14</b>
Minnesota	1,038	37	3,673	46
Nebraska	1,013	36	3,079	31
North Carolina	652	13	2,716	19
Texas	1,129	38	2,715	18
Wisconsin	1,189	39	3,421	40

Source: Morgan Quitno Press using data from U.S. Bureau of the Census, Governments Division.

Note: A ranking of 1 represents the best condition = lowest business

## Tax Modernization

In March 2005, Governor Ernie Fletcher signed House Bill 272 legislation to reform Kentucky's outdated tax system. The legislation began the first comprehensive overhaul in more than half a century to a revenue system largely based on a 19<sup>th</sup> century economy. The reform seeks to accomplish several objectives including improving the tax climate for economic development, including eliminating the corporate license and intangible property taxes.

***"Few things are talked about more and accomplished less than tax reform. I applaud the Governor and the General Assembly for bringing together a comprehensive tax plan. It's good for business and it's good for Kentucky."***

Dr. William Fox, Tax Expert  
University of Tennessee

### Points of Interest to the Business Community from Tax Law Changes

- Eliminates the corporation license tax.
- Sets individual income tax rate at 5.8% for income between \$8,000 and \$75,000.
- Lowers maximum corporate income tax rate to 6% beginning in 2007.
- Establishes alternative minimum tax of \$0.095 per \$100 gross receipts or \$0.75 per \$100 of Kentucky gross profits, whichever is less. There is a \$175 minimum regardless of method used.
- Maintains tax credit incentives against new corporation taxation plan.
- Expands definition of corporation to include LLCs, LLPs, LPs, REITs, S-corps and other legal entities.
- Eliminates intangible property tax on all but financial institutions and domestic life insurance companies, including accounts receivable.

## Business Climate

Kentucky offers a wide range of opportunities for a profitable investment in all business sectors. Kentucky's manufacturing base has shown particularly dramatic growth during the past decade. Kentucky ranked 12th in the 2004 Site Selection Governor's Cup awarded annually to U.S. states with the most new and expanded facilities, and has the smallest population of any state in the top 15. Site Selection also ranked Kentucky 13th in the magazine's list of states with the most new and expanded facilities from 2002 to 2004. (*Site Selection March 2005*) Kentucky has a strong industrial base of steel, aluminum, chemicals, and machinery production, driven by massive resources of water, low-cost electric power, and reasonably priced barge, rail, and truck transportation. *Site Selection* (March 2002) notes - "As the state with the (then) third-largest automotive manufacturing economy in the country, two international airports, the United Parcel Service hub in Louisville, and some of the least expensive power available anywhere, Kentucky is already attractive to a wide range of companies and projects -- from call centers to metalworking, distribution hubs to corporate headquarters."

To date, all of the Fortune 25 largest U.S. corporations have manufacturing or service facilities in Kentucky -- many have multiple plants in the state. Included are industrial giants such as General Motors, Ford Motor Company, IBM, General Electric Company, and Boeing. In addition, 22 of the top 25 global corporations also have operations in Kentucky, and foreign enterprises have developed over 340 facilities in Kentucky, providing nearly 70,000 jobs. Included are such international leaders as Toyota, Hitachi, Alcan, Mitsubishi, Celanese Chemicals and Sumitomo.

## Kentucky's Central Location

Kentucky is located in the center of eastern U.S. industrial and consumer markets, with its borders within 600 miles of over 60% of the nation's population, personal income, and manufacturing business establishments. Kentucky's intermodal freight and passenger transportation systems have reached out to provide safe, efficient and cost-effective access to all points of the globe. Regional markets are also easily served from Kentucky's strategic location, midway between the large Midwestern and growing Southeastern and Gulf export markets. In a joint analysis of state and metropolitan area logistics factors.

The population center of the United States east of the Rocky Mountains is located just northeast of Danville, Kentucky. Danville is located within a 40 minute drive from I-75, I-64, US 27 and US 127 which are main arteries to the rest of the eastern section of the United States.

Kentucky is at the highway crossroads of the Canada to Florida I-75 route, extending from the Great Lakes to the Gulf of Mexico, and the St. Louis to Norfolk I-64 route, which stretches from the Mississippi River to the Atlantic Seaboard. Domestic and international air travel are served by the Delta and Comair hubs which provide non-stop service to Europe and Canada from their location in Northern Kentucky. International flights are also available at the Louisville International Airport at Standiford Field and Lexington's Blue Grass Airport. Air cargo services are provided by the United Parcel Service hub at the Louisville International Airport and the hub in Northern Kentucky, both of which serve global destinations. Several other air freight and parcel providers operate through Kentucky's air system as well, and growth in Kentucky's air transportation industry is extraordinary. In fact, the Cincinnati/Northern Kentucky International Airport is an economic developer itself. The airport's impact on the region totals more than \$3 billion annually. Comair has commenced a \$25 million expansion project to provide maintenance and training facilities, as well as new office space, at its Northern Kentucky location, while the airport board is implementing construction of a third north-south runway while the east-west runway was extended in 2004. Finally, the FedEx facility in Boone County, 11 miles from the Greater Cincinnati/Northern Kentucky Airport, will employ more than 80 office and clerical employees, 300 package handlers, and over 100 contractors, while the UPS \$1.1 billion automated sorting hub, referred to earlier, doubles the company's current capacity in Louisville, and became fully operational in 2002.

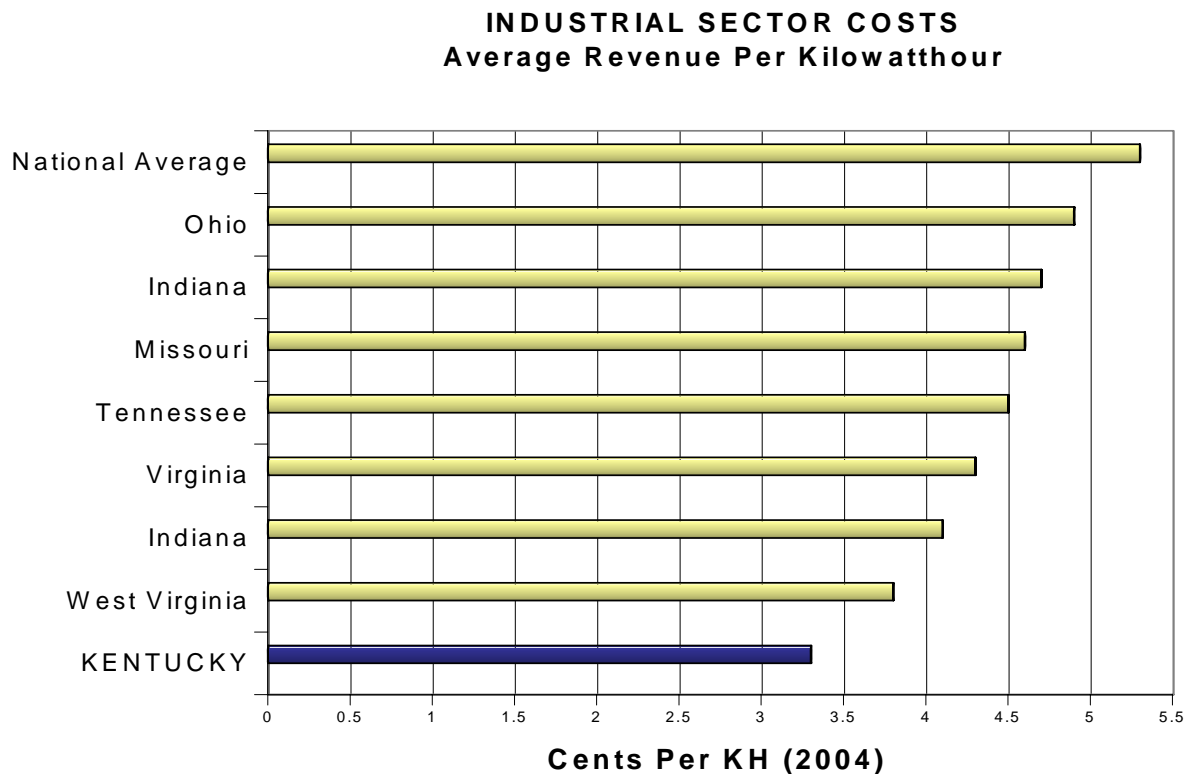




## Utility Costs

Kentucky enjoys a tremendous competitive advantage in the provision of energy, natural gas, and water supply. Kentucky's electric power costs in the industrial sector ranked the lowest in the nation for the fifth consecutive year in 2004, based on annual rankings compiled by the *U.S. Energy Information Administration*, which have consistently placed Kentucky among the five lowest cost industrial electric power states since 1990. Kentucky's natural gas costs in the industrial sector are extremely competitive, particularly within the Midwest and the Southeast regions of the nation. An extensive surface water network of rivers, streams, and lakes, complemented by the ground water supplies that are very pronounced in certain regions of the state, guarantee an ample supply of water for industrial use.

A globally competitive business environment compels companies to examine the long-term costs of production and distribution, and to focus on regional differences in the net costs of doing business. Among the most significant factors having a direct influence on bottom-line costs is the annual capital that must be committed to utility consumption. Kentucky occupies *the* premier position in the provision of low cost electric power all other states – enjoying a 38% cost savings over the national average.



Kentucky has provided *the* least expensive electric power east of the Mississippi River – and among the top food and kindred product producing states – *throughout the entire decade of the 90s*. Moreover, in 2004, data from the U.S. Department of Energy, Energy Information Administration, show that Kentucky lays claim to the position of lowest electric cost state - *among all fifty states* - for the provision of industrial power.

Over ninety percent of Kentucky's electric power is produced by coal-fired power plants, with the balance generated by hydroelectric dams, fuel oil, and natural gas. Kentucky's large coal reserves ensure abundant supplies of electric power for the foreseeable future. In turn, a large number of utility providers, and oversight by the Kentucky Public Service Commission (PSC) (<http://www.psc.state.ky.us>), continue to ensure competitive rates for industrial users. These power distributors are allowed to negotiate lower economic incentive rate contracts with large industrial and commercial customers, subject to approval by the Kentucky PSC. Significant discount rates can be granted for up to five years for both new and expanding operations.

## Transportation

A freight distribution network that is efficient, safe, and technologically competitive makes Kentucky an ideal location for businesses needing just-in-time delivery and reliable access to markets and suppliers. Geographically located within a day or two highway travel of two-third's of the nation's buying power, Kentucky maintains a continuing six year highway construction and improvement plan that ensures necessary structured growth and regular maintenance.

An article in the November 2005 issue of *Site Selection* addresses the importance of transportation capabilities in the food processing industry. The article listed one of the most important site criteria for a food processing facility as transportation access and costs. This includes both proximity to major airports and the costs for shipping incoming and outgoing products.

In an analysis of the comparative performance of state highway systems conducted annually at the University of North Carolina-Charlotte, only Kentucky and Georgia achieve a top ten rating among the ten leading light vehicle producing states for the year 2000. In fact, since the study began in 1984, Kentucky's ranking has never fallen lower than 22<sup>nd</sup> among the fifty states (Hartgen, David T., Ph.D., P.E., *TEA-21 at Midpoint: Comparative Performance of State Highway Systems, 1984-2000*, University of North Carolina at Charlotte, February 6, 2002).

Accessibility to modern major airport services, and safe, efficient air travel for business purposes, are well addressed by Kentucky's statewide system of commercial and general aviation airports. Non-stop international flights depart from the Cincinnati/Northern Kentucky International Airport and from the Louisville International Airport in Louisville/Jefferson County.

The Cincinnati/Northern Kentucky International Airport (CVG) is America's top-rated airport, according to the annual survey by Skytrax Research. This award marks the 16<sup>th</sup> time in 10 years CVG has been recognized for service excellence. A Federal Aviation Administration (FAA) report named the airport as the second fastest growing U.S. hub airport, based on total passenger boardings or enplanements. Cincinnati serves more than 22 million passengers a year, ranking 20<sup>th</sup> in the United States. CVG ranks 8<sup>th</sup> in the world for total flights, 7<sup>th</sup> in the United States, and 5<sup>th</sup> in the United States for total cities served non-stop. Eleven air carriers provide 600 daily departures with 180 daily non-stop flights to 130 major U.S. cities. CVG is an international gateway with daily non-stop international

flights to Amsterdam, London, Paris, Frankfurt, Rome, Toronto, Montreal, Bahamas, Cancun and Cayman Islands. Daily direct flights are offered to Milan, Munich, Stuttgart, Tokyo, and Nagoya, Japan.

The Louisville International Airport is home to the international air-sorting hub of United Parcel Service. UPS Worldport, the world's most sophisticated shipping facility, has helped make the Louisville International Airport the seventh largest cargo airport in the nation, and the twelfth largest cargo airport in the world. UPS Worldport has been sited by at least 70 companies as the reason they chose to locate in Louisville. The location of these companies brought an estimated 6,256 jobs to the Bluegrass. These companies include Toshiba, RR Donnelly and Amgen. Food and kindred product facilities in this area would have direct access to this state of the art shipping hub for fast delivery of perishable goods.

Rail service is another available means of transportation. Kentucky is a rail center for the mainline services of the CSX, Canadian National, and Norfolk Southern railroads, which provide direct service from the Great Lakes gateways to the Gulf of Mexico and Atlantic Seaboard and link intermodally with inland and deep-draft ports for export trade. Western Kentucky is the heart of the nation's inland waterways and riverport system, standing at the junction of the Upper and Lower Mississippi, the Ohio River, and the Tennessee-Tombigbee navigation corridors.

Further evidence of the superior quality of Kentucky's transportation system lies in the high rankings awarded to it by *Expansion Management* and *Transportation & Distribution* magazines in their joint analysis of state and metropolitan area logistics factors (*Expansion Management, Logistics Quotient*, September 2001). Kentucky achieved the following rankings among the fifty states:

- Rail Freight Utilization – 4<sup>th</sup> best
- Logistics (Overall Ranking) – 6<sup>th</sup> highest
- Lowest State Fuel Taxes and Fees – 5<sup>th</sup> best

Then in September 2005 *Expansion Management* awarded Louisville the 5-Star Logistics Metros ranking reserved for the most logistics-friendly metros in the U.S.

By highway, air, rail, or river, Kentucky offers unique advantages for transportation, distribution, and export, and provides new opportunities for capitalizing on North American markets and global trade.

# Kentucky Facilities

## Interesting Kentucky Companies in the Food and Kindred Product Industry

Within the Commonwealth of Kentucky there are many business success stories. And a large group of these success stories are manufacturing facilities and companies in the Food and Kindred Products industry. Some of the larger companies that produce products in Kentucky through direct manufacturing or contracting services are Kellogg's, Keebler, Swift, Tyson Foods, Cagles Keystone, Armour Foods, Fischer's Meats, Nestle's and Hillshire Farms/Kahns. Below are several of the unique companies Kentucky is proud to have located within the state and the products these companies manufacture.



Ale 81 – This soft drink unique to Kentucky has been bottled in Winchester since 1926.



Papa John's Pizza – With corporate headquarters in Louisville, Papa John's boasts nearly 3000 restaurants in 49 states and 20 international markets.

Bourbon – Kentucky has 12 operating distilleries that produce 90 to 95 percent of the world's supply of bourbon.



Proctor and Gamble – Facility in Lexington that produces JIF, America's favorite peanut butter.



Dippin' Dots – This tiny-beaded flash-frozen ice cream that has been dubbed the Ice Cream of the Future is manufactured in Paducah.



Tyson Foods, Inc. – America's largest meat packer has a chicken packaging facility in Robards.

Emerald Industries – Bakes goods for Keebler in Florence.



As of June 30, 2006, Unilever Foods North America in Owensboro will be the only place in the U.S. where Ragu and Bertolli sauces are made.



Mountain Top Baking Company - Manufactures Poptarts, one of America's favorite breakfast foods in Pikeville.



Winchester Farms Dairy – Produces milk for Kroger, America's largest grocery chain.

Nestle's – Chef America East in Mt. Sterling is one of only two facilities in the United States that manufactures Hot Pockets and Lean Pockets.



Over the past five years, Kentucky's food and kindred product industry has expanded. During this time, the Economic Development Cabinet's database of business and industry reports 96 food and kindred product facility locations or expansions resulting in 3,243 new jobs for the Commonwealth. These 96 locations/expansions account for 5% of the state's new and expanding industry during the past five years.

Many of these companies not only contribute to Kentucky's economy but become nationally recognized.

- The November 2003 issue of *Site Seleciton* listed three Kentucky projects in the Top 20 Food Processing Projects of 2003: Mother's Cookie Company in Louisville was 10<sup>th</sup>, Martek Biosciences Corp. in Winchester was 11<sup>th</sup>, and T. Marzetti Company in Horse Cave was 17<sup>th</sup>.
- In 2005 Dippin' Dots Franchising, Inc. ranked 1<sup>st</sup> on Franchise Times Magazine's Fast 55 list of the fastest growing young franchises in the nation.
- Graeter's Ice Cream was picked #1 by famous Ben & Jerry co-founder Ben Cohen in a 2002 *USA Today* article.
- For six consecutive years, Papa John's was rated #1 in product quality in *Restaurants & Institutions' Choice* in Chains consumer survey (1997-2002).

## Foreign Owned Food & Kindred Product Facilities



Place	County	Facility Name	Product or Service	Parent Company Location
<i>Erlanger</i>	Kenton	A Camacho Inc.	Spanish olives, barbecue sauce, imported cocktail onions	Spain
<i>Louisville</i>	Jefferson	Bioproducts Inc.	Liquid & dry choline chloride, animal feed supplements	Japan
<i>Elizabethtown</i>	Hardin	Cott Beverages	Soft drinks distribution and manufacturing	Canada

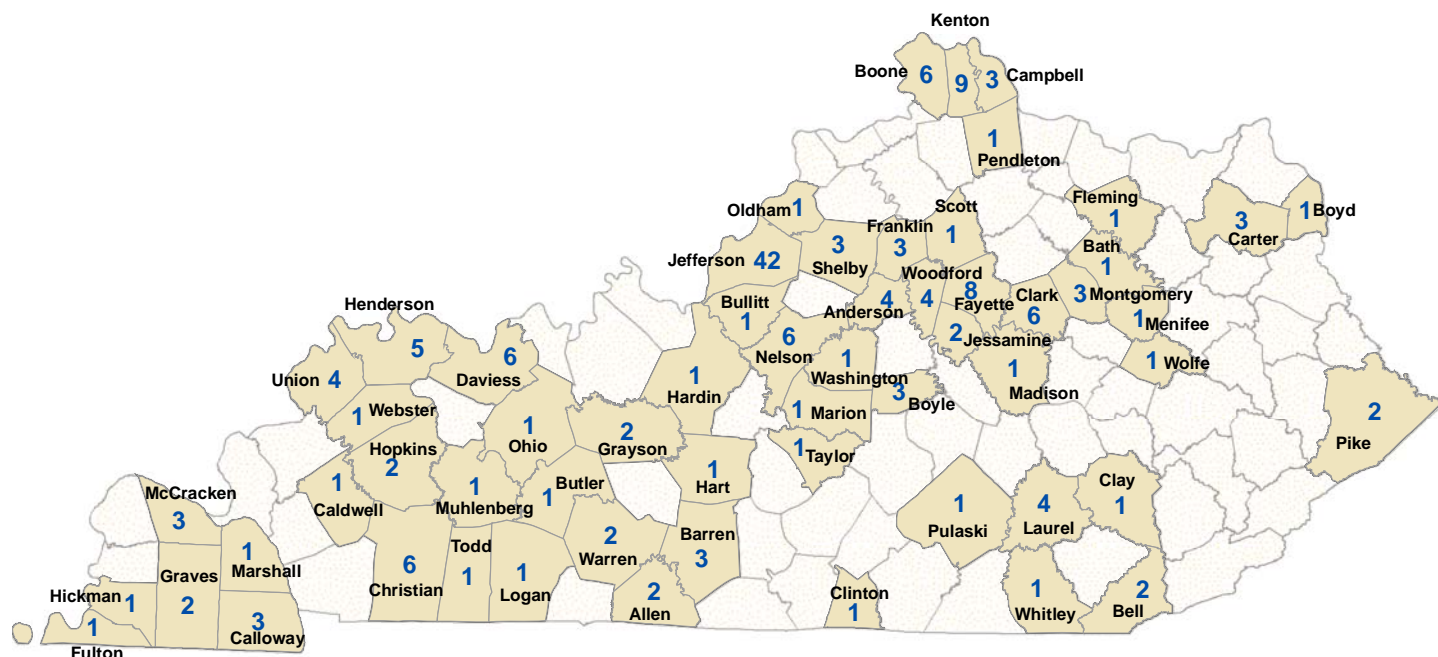
### 2004 Kentucky Exports

**Value of Food and Kindred Product Exports = \$191,700,331**

**Value of Food and Kindred Product Shipments = \$131,178,457**



## Kentucky's Food & Kindred Product Facilities (182 facilities, 29,856 employees)



Place	County	Facility Name	Product or Service	Employment
<i>Albany</i>	Clinton	Cagle's Keystone Foods Inc	Fresh & frozen poultry	1,530
<i>Alexandria</i>	Campbell	Sara Lee US Foods	Sausage & hot dogs, deli meats	594
<i>Ashcamp</i>	Pike	Mother Nature Springwater	Bottled water	14
<i>Ashland</i>	Boyd	Hyland Co	Pet food	20
<i>Bagdad</i>	Shelby	Bagdad Roller Mills Inc	Grain merchandising	19
<i>Bardstown</i>	Nelson	Barton Brands Ltd	Dried grain & whiskey distillation	180
		Boone's Abattoir Inc	Ham, sausage, bacon & meat slaughtering & processing	14
		Heaven Hill Distilleries Inc	Whiskey & distilled spirits bottling	420
		Kentucky Bourbon Distillers	Bourbon whiskey	20
<i>Benton</i>	Marshall	Miller's Country Hams Inc	Hams	3
<i>Bloomfield</i>	Nelson	Blend Pak Inc	Seasoned flour, biscuit & pancake mix dry blending, seasoned coatings for the red meat, poultry, and seafood industries- as well as foodservice/restaurant industry.	22
<i>Boston</i>	Nelson	Jim Beam Brands Co	Dried grain, whiskey & bourbon distillation	70
<i>Bowling Green</i>	Warren	Country Oven Bakery	Frozen dough, cakes, iced cakes, parbaked rolls	410
		Hill's Pet Nutrition Inc	Pet foods	162
<i>Bremen</i>	Muhlenberg	Cal-Maine Foods Inc	Egg production	90
<i>Buckner</i>	Oldham	Carriage House Companies Inc	Mexican salsas, barbeque steak sauces, chocolate & pancake syrups, jams & jellies	350
<i>Butler</i>	Pendleton	Griffin Industries Inc	Meat meal; tallow & grease rendering; cookie meal, bio-diesel fuel	85
<i>Campbellsville</i>	Taylor	Adanta Human Development Services	Sheltered workshop: contract assembling & light bench woodworking; assemble screws and washers, count and package screws; count concrete nails and box.	21

Place	County	Facility Name	Product or Service	Employment
Caneyville	Grayson	Otis Bryant & Son Inc	Feed grinding & mixing, dry grain	28
Clermont	Bullitt	Jim Beam Brands Co	Dried grain, vodka & bourbon whiskey distillation; cordial cocktails	425
Clinton	Hickman	Harper's Country Hams Inc	Smoked ham, bacon & sausage	105
Corbin	Whitley	Pepsi-Cola Bottling Co of Corbin Kentucky Inc	Soft drinks	219
Covington	Kenton	Glier's Meats Inc	Meat processing & sausage products	18
		White Castle Distributing Inc	Burger processing & packaging	80
Crescent Springs	Kenton	Blue Grass Quality Meats	Sausage & smoked meats	98
Cromwell	Ohio	Perdue Farms Inc	Chicken slaughtering, processing & packaging	1,025
Danville	Boyle	Burkman Mills Inc	Animal feed	25
		Burkman Mills Inc	Corporate headquarters, feed manufacturing	43
		Elements Enterprises LLC	Hand crafted pottery & hand rolled beeswax candles, wine & wine related products (wine, jelly, etc.)	4
Elizabethtown	Hardin	Cott Beverages	Soft drinks distribution and manufacturing	140
Erlanger	Kenton	A Camacho Inc	Spanish olives, barbecue sauce, imported cocktail onions	10
		Dixie Dew Products Co Inc	Ice cream toppings, syrups, chocolate drink powders & shake bases, sauces, flavorings & glazes, icings, spice blends, bread mixes, fruit dips, tomato base sauces, sf chocolate	40
		Perfetti Van Melle USA Inc	Soft candy	144
		United Dairy Farmers	Ice cream	22
		Wild Flavors Inc	Headquarters, administration, research and development, pilot plants and manufacturing	280
Farmington	Graves	Purchase Area Aquaculture Corporation	Fish processing and marketing	
Finchville	Shelby	Robertson Country Meats	Country ham & bacon processing & packing	10
Flemingsburg	Fleming	4 Seasons Marketing	Headquarters, marketing/sales, manufacture livestock nutritional supplements	10
Florence	Boone	Emerson Bakery	Baked goods	18
		Givaudan Flavors Corp	Food flavorings	47
		Kellog Snacks	Cookies & cakes	160
		Schwan's Food Manufacturing Inc	Frozen pizzas	1,150
Fort Mitchell	Kenton	Graeter's Ice Cream	Ice cream & toppings	14
Frankfort	Franklin	Buffalo Trace Distillery	Whiskey distilling, vodka distilling, wine & spirit importing	240
		Jim Beam Brands Co	Distilled liquor bottling	225
		Rebecca Ruth Candy Inc	Liquored, soft & chocolate candy	25
Frenchburg	Menifee	Barton's Fine Foods	Jellies, jams, preserves, syrups, mustards, relishes & sauces	3
Fulton	Fulton	Turner Holdings LLC	Milk and milk containers	100
Georgetown	Scott	Southern States Cooperative Inc	Feed & fertilizer mixing & blending	25

Place	County	Facility Name	Product or Service	Employment
<i>Glasgow</i>	Barren	Bluegrass Dairy and Food LLC	Dairy & non-dairy food ingredients	70
		Burkman Feeds LLC	Livestock feed	40
<i>Grayson</i>	Carter	Con Agra Foods	Hams	800
<i>Guthrie</i>	Todd	Cal-Maine Foods Inc	Eggs	82
<i>Henderson</i>	Henderson	Bakery Feeds Inc	Poultry feed supplements	31
		Consolidated Nutrition LC	Livestock feed	12
		Valley Grain Products	Milled Mexican corn flour	72
		Van Houtte Inc	Distribution and coffee roasting	9
<i>Hickory</i>	Graves	Pilgrim's Pride	Poultry processing & packing	1,000
<i>Hopkinsville</i>	Christian	Continental Mills Inc	Brownie, muffin & bread mixes	163
		Hampton Meat Processing	Meat processing	33
		Hopkinsville Elevator Co	Grain processing	37
		Hopkinsville Milling Co Inc	Wheat flour, corn meal & grits	35
		Hubbard Feeds Inc	Livestock feed blending & mixing	13
		Siemer Milling Co	Wheat milling	34
<i>Horse Cave</i>	Hart	T Marzetti Company	Salad dressing and sauce production facility	
<i>Kimper</i>	Pike	Kellogg Mountaintop Baking Plant	Convenience foods: breakfast & snack bars	412
<i>Lawrenceburg</i>	Anderson	Algood Food Co	Jellies, jams, preserves	22
		Bauer's Candy	Modjeskas (homemade caramel covered marshmallows)	10
		Four Roses Distillery LLC	Bourbon	44
		Wild Turkey Distillery	Distilled spirits	138
<i>Leitchfield</i>	Grayson	Bel/Kaukauna USA	Cream, processed cheese spreads, semi-soft cheese, pimento spread	274
<i>Lexington</i>	Fayette	Clem's Refrigerated Foods	Meat processing	27
		Farmers Feed Mill	Animal feed	25
		Fresh Approach	Sheltered workshop: process & pack fresh fruits & vegetables	50
		Home City Ice Co Inc	Packaged ice	10
		Jif Plant	Peanut butter	200
		Old Kentucky Candies Inc	Hard & soft bourbon, chocolate & miscellaneous candies	25
		Pepsi-Cola Bottling Co	Carbonated soft drink bottling	210
		Sharp's Candies Inc.	Chocolate candy	6
<i>London</i>	Laurel	Flav-O-Rich	Milk processing, ice cream mixes, milk & orange juice packaging	270
		Flowers Bakery of London LLC	Doughnuts & honey buns	485
		Laurel Cookie Factory	Cookies, crackers & potato chips	500
		Sara Lee Bakery Group	Bread, buns & rolls	341
<i>Loretto</i>	Marion	Maker's Mark Distillery Inc	Bourbon whiskey	80
<i>Louisville</i>	Jefferson	A Thomas Food Svc	Meat processing	90
		Adam Matthews Inc	Cheesecakes	25
		Algood Food Co	Peanut butter, jelly/preserves	102

Place	County	Facility Name	Product or Service	Employment
		Bakery Chef	Blended flour; biscuit, hot cake, ready-to-bake food mixes, & frozen breakfast products	321
		Bioproducts Inc.	Liquid & dry choline chloride, animal feed supplements	22
		Blendex Co LLC	Breadings, seasonings & marinades	88
		Brown-Forman Corp	Distilled spirits, wooden barrels, headquarters	1,800
		Culinary Standards Corp	Frozen food, prepared meat products, chilies, barbecues & entrees, cheese dips, frozen soups	101
		Custom Food Solutions LLC	Processed food provider and manufacturer	30
		D D Williamson & Co Inc	Liquid & powdered caramel coloring & food ingredients	40
		Dawn Food Products Inc	Pie filling, icing, doughnut glazes & dry mixes	180
		Dean Milk Co	Cottage cheese, milk & orange juice	174
		Donut Kastle Of Lyndon	Make and sell doughnuts	12
		Dupont Soy Polymer	Soybean protein isolates, soy polymers	70
		Early Times Distillers Co	Whiskey	30
		Ermins Bakery	Bakery products	14
		Fishmarket Seafoods Inc	Fish processing	13
		Florida Distillers Co	Wine and vinegar (added storage tanks and process equipment)	17
		Golden Brands Inc	Edible oils & shortening	80
		Heaven Hill Distilleries Inc	Bourbon liquor distillation/warehouse	35
		Home City Ice	Packaged ice	16
		John Conti Coffee Co	Roasted coffee	40
		Kent Feeds Inc	Blended & mixed livestock feed	23
		Kiefer Co	Meat processing	15
		Krispy Kreme Doughnut Corp	Doughnuts	70
		Maker's Mark Distillery Inc	Bourbon	70
		Mexican Foods Division	Corn/flour products	170
		Mother's Cookie Co	Cookies	700
		Norita Inc	Manufactures and distributes cookies, snacks, and seaweed	4
		Papa John's International	Corporate office and make dough	617
		Paradise Tomato Kitchens	Customized tomato products for foodservice (chain rest.)	60
		Pepsi Cola General Bottlers Inc	Soft drink bottling/distribution	275
		Plehn's Bakery Inc	Ice cream & bakery products	30
		Producer Feeds LLC	Animal feed	20
		R C Bigelow Inc	Tea processing & packaging	90
		RC Canada Dry Bottling	Soft drink bottling	180
		Southern Dream Foods Inc	Barbecue sauce, salsas, marinades, salad dressings	12
		Sun Opta Ingredients	Oat fiber products & fat replacements	28
		Swift & Co	Pork processing	1,023



Place	County	Facility Name	Product or Service	Employment
		Tova Industries Inc	Syrups, soy sauce, cake & bakery mixes, soups, seasonings, spices, ice cream, dessert mixes, crinks, custom mixes. Contract/private label mfr.	95
		Tyler Mountain Water	Bottled water	25
		Wynn Starr Foods of KY	Food flavorings	54
Madisonville	Hopkins	Royal Crown Bottling Co	Soft drinks	35
		UC Milk Co LLC	Liquid milk, cultured buttermilk, fruit juices & plastic milk jugs	150
Manchester	Clay	H & M Butchering	Meat processing & slaughtering	6
Middlesboro	Bell	Cumberland Gap Provision Co	Smoked ham & sausage processing	320
		Middlesboro Coca-Cola Bottling	Carbonated soft drinks and water & bottling	115
Midway	Woodford	Weisenberger Mills Inc	Flour, corn meal & baking mixes	5
Morganfield	Union	Custom Feed Mill LLC	Livestock feed	10
Morgantown	Butler	Green River Feed Mill Inc	Feed & fertilizer mixing & blending	12
Mt. Sterling	Montgomery	Eldridge's Bar-B-Que	Meat processing & packaging	4
		Nestle Prepared Foods	Specialty microwaveable lunch foods	1,094
		Ruth Hunt Candy Co	Chocolate, creams & novelties Chocolate bars, bourbon chocolates	20
Murray	Calloway	Ellis Popcorn Co Inc	Popcorn processing	11
		Kenlake Foods	Drink powders, concentrates, gelatin, pudding mixes & salted nut products	280
		Morningstar	Single serve—flavored milk in plastic bottles, private packaging, nondairy flavored creamers	239
Newport	Campbell	Dixie Chili Inc	Chili	25
		Louis Trauth Dairy LLC	Fluid milk, cottage cheese, ice cream, fruit drinks, orange juice & ice cream mixes	275
Nicholasville	Jessamine	Alltech Inc	Natural animal feed additives, fuel alcohols, brewing & distilling products - Corporate headquarters	350
Olive Hill	Carter	Fresh 'N Ready Foods Inc	Refrigerated foods	
Owensboro	Daviess	Barton Brands Ltd	Whiskey, gin, vodka, wines, brandy & cocktail bottling	194
		Owensboro Grain Company LLC	Soybean crude oil & meal, biodiesel	145
		Owensboro Grain Edible Oils	Refined vegetable oil	30
		Sarah Lee Bakery Group	Breads & rolls	150
		Specialty Foods Field Packing Division	Processed meat products	600

Place	County	Facility Name	Product or Service	Employment
		Unilever Foods North America	Pasta and simmer sauces	393
Owingsville	Bath	Custom Food Products Inc	Meat processing & packing	77
Paducah	McCracken	Dippin' Dots Inc	Ice cream, yogurt, sherbets, and flavored ices	185
		Metzger Packing Co Inc	Meat processing; smoked hams, hot dogs, bacon, lunch meats & sausage products	25
Park City	Barren	Southern States Cooperative Inc	Animal & poultry feed	32
Pine Ridge	Wolfe	Halsey Meat Processing	Beef, pork & venison meat processing	4
Princeton	Caldwell	Bremner Inc	Cookies & crackers	580
Richmond	Madison	Uncle Charlie's Meats	Meat processing & packaging	70
Robards	Henderson	Tyson Foods Inc	Chicken slaughtering, processing & packaging	1,350
Russellville	Logan	Griffin Industries Inc	Tallow by-products, animal hide, processed meat & bone meal	70
Scottsville	Allen	Clifty Farm Tennessee Valley Ham Co	Country hams	20
		J M Smucker L L C	Frozen food products, distribution, and R&D center	225
Sebree	Webster	Tyson Foods Feed Mill	Poultry feed	31
Simpsonville	Shelby	Purnell Old Folks Sausage Inc	Sausage products	230
Somerset	Pulaski	Southern Belle Dairy Co LLC	Liquid milk, juice drinks, and 100% orange juice from concentrate	238
Springfield	Washington	Alltech Inc	Spray drying operation, natural animal feed additives	25
Sturgis	Union	Meacham Hams Inc	Smoked & cured hams	5
Uniontown	Union	Jim David Meats	Ham processing - wholesale, retail	20
		The Little Kentucky Smokehouse	Process hams and meat products	50
Versailles	Woodford	McCauley Brothers Inc	Horse feed & supplements	25
		Woodford Feed Co	Feed & fertilizer grinding, mixing & blending	36
		Woodford Reserve Distillery, Labrot & Graham Proprietors	Distilled liquors	18
Walton	Boone	Davis Creek Meats & Seafood LLC	High quality portion control beef products	
		Lyons Magnus East	Pancake syrup & beverage bases	48
West Paducah	McCracken	Tyler Mountain Water Co Inc	Fruit juice & plastic bottles	150
Willard	Carter	Willard Milling Inc	Pet food mixing and blending	22
Wilmore	Jessamine	High Bridge Spring Water Inc	Bottled distilled water & reverse osmosis drinking water	27
Winchester	Clark	Ale 8 One Bottling Co	Soft drinks	75
		Martek Biosciences Corp	Food additives	205
		Pepsi-Cola Bottling Co	Soft drinks	118
		Southern Heritage Coffee Co	Coffee	27
		Southern States Cooperative Inc	Mixed animal & poultry food	37
		Winchester Farms Dairy	Fluid milk, orange juice, cottage cheese, sour cream & yogurt	190

## Other Influential Factors

### State Support

The agriculture industry is a driving force behind the food and kindred products manufacturing industry. Kentucky has historically maintained an active agricultural industry. According to the 2002 Census of Agriculture, released by the United States Department of Agriculture, Kentucky is home to 86,341 farms which ranks the state 4<sup>th</sup> in the nation for number of farms. These farms cover 13,843,706 acres, or 54% of the total acreage in the state. The average farm in Kentucky is 160 acres. Because of this strong agriculture base, the state's Department of Agriculture administers many programs that promote local businesses in the food and kindred products industry.



The Kentucky Department of Agriculture's Division of Value-Added Plant Production and other agriculture leaders recognized a need for infrastructure development and marketing assistance for fruit and vegetable growers across the Commonwealth. These issues are two of the largest problems facing farmers wanting to diversify their operations. In 1998, three new produce marketing facilities opened their doors, allowing farmers access to mass markets by pooling product to create a larger volume of high quality produce. This increased the number of such facilities from one to four across the Commonwealth. Currently the **Central Kentucky Grower's Association, Inc.**, **Cumberland Farm Products, Inc.**, **Green River Produce Marketing Association** and **West Kentucky Growers Cooperative** are all available to assist farmers.



The Kentucky Proud Country Store is located at <http://www.kyagr.com/buyky/cstore/cstore.htm>. Here you can find items produced fresh throughout the state.



The Division of Agriculture Marketing & Agribusiness Recruitment assists Kentucky food manufacturers, farmers, agricultural businesses and Kentucky agricultural commodity groups with the marketing and promotion of their products. The office endeavors to expand existing and traditional markets and develop new markets, both on a domestic and international level.

For more agricultural information, please visit the Kentucky Department of Agriculture website: <http://www.kyagr.com>.

## Research for the Future

The University of Kentucky College of Agriculture conducts research, as well as provides education, of agricultural issues. The University's Kentucky Agricultural Experiment Station has been providing research results to farmers and rural residents for more than 130 years. With external grants and contracts now reaching \$17.2 million a year, UK's College of Agriculture researchers also address problems of agribusiness, consumers, international trade, food processing, nutrition, community development, soil and water resources, and the environment with nearly 150 externally funded projects.

The research continuum reaches from basic to applied science, with new fundamental knowledge as well as applied knowledge that has impacts on the lives of Kentuckians and people across the world.

The Experiment Station encompasses all research activities of the College of Agriculture conducted on the Lexington campus, as well as across the state:

- Campus (Fayette County): laboratories and specialized equipment for all research program areas.
- Coldstream, Maine Chance, Spindletop Farms (Fayette County): beef and dairy cattle, poultry, horses, sheep and swine; forages and grain crops, tobacco, and turf.
- South Farm: fruits and vegetables, ornamentals.
- UK Animal Research Center (Woodford County): purchased in late 1991 for development of state-of-the-art food animal research programs. The farm is in Phase I of development as a research facility.
- Research and Education Center and West Kentucky Substation Farm (Caldwell County): grain crops, beef cattle, swine, fruits and vegetables, forages, and tobacco.
- Robinson Station (Breathitt County): fruits and vegetables, ornamentals, forages, grain crops, tobacco, and wood utilization. Also headquarters of Robinson Forest, which covers parts of Breathitt, Perry, and Knott counties and is the site of forestry and watershed management research.
- Eden Shale Farm (Owen County): experimental and demonstration studies on forage crops, tobacco, fruits and vegetables, and beef management.

With the spirit of cooperation that has existed since the creation of the Experiment Station in 1865, research faculty also conduct dozens of trials on farms and at other sites throughout the Commonwealth.



# Economic Impact on Kentucky Economy

**Economic Impact Estimate**  
**Kentucky's Food and Beverage Industries**  
1/12/2006

**Kentucky Cabinet For Economic Development**  
**Office of Research and Information Technology**

**Prepared by Phil Flynn**  
Staff Economist

## Data Inputs

<b>Year</b>	2004	2004
<b>NAICS Code</b>	3121	311
<b>Industry Sector</b>	Beverage Manufacturing	Food Manufacturing
<b>Total Employment</b>	4,573	23,108
<b>Business Establishments</b>	52	283
<b>Total Wages (Benefits not included)</b>	\$ 232,283,000	\$ 781,933,000
<b>Total Wages &amp; Benefits</b>	\$ 301,968,000	\$ 1,016,513,000
<b>Average Weekly Wage</b>	\$ 977	\$ 651
<b>Average Weekly Wage &amp; Benefits</b>	\$ 1,270	\$ 846
<b>Annual Average Wage</b>	\$50,790	\$33,838
<b>Annual Average Wage &amp; Benefits</b>	\$66,027	\$43,989

Source: United States Bureau of Labor Statistics, [Quarterly Census of Employment and Wages](http://data.bls.gov/cgi-bin/dsrv?en), 2004 Annual, <http://data.bls.gov/cgi-bin/dsrv?en>

Note: Benefits are estimated at 30% of salaries.

Note: This estimate excludes the economic impact of Kentucky's breweries, wineries, distilleries, and manufactured tobacco products.

Table 1  
Total Annual Operational Economic Impact: 2004

Impacts	Direct	Indirect	Induced	Total
<b>Total Value Added</b>	<b>\$2,176,542,000</b>	<b>\$2,770,296,000</b>	<b>\$1,670,896,000</b>	<b>\$6,617,734,000</b>
<b>Employment</b>	27,700	89,300	35,600	152,500
<b>Personal Income</b>	\$1,318,481,000	\$1,397,418,000	\$980,060,000	\$3,695,959,000
<b>Other Property Type Income</b>	\$797,974,000	\$934,269,000	\$440,780,000	\$2,173,023,000

MIG, Inc. 2003 databases and IMPLAN 1997-2003, 2.0.1025 matrices are utilized in the computation of economic impact estimates.

Note: Compensation values are inclusive of estimated benefits.

Note: **Personal Income = Employee Compensation + Proprietors Income.**

Note: Economic impact estimates are statewide.

### Social/Economic Cost

This study estimates/reports the positive economic impacts which occur as a result of the food and beverage product/manufacturing industries in the Commonwealth of Kentucky. This report does not account for the cost incurred by the Commonwealth as a result of this industry. These costs may include police and fire department services, public education, public infrastructure (roads, bridges, prisons, airports, sewage treatment, water treatment, trash collection, etc.), social services, health services, environmental impacts, and tax incentives/abatements.

### Glossary of Economic Impact Terms

Economic impacts are a mathematical method of specifying the economic relationships among all businesses/industries and between businesses/industries and consumers. Input-output (I/O) modeling is the most commonly utilized method to assess the economic outcomes of job creation or reduction. Economic impact modeling captures the direct impact of an employment expenditure (jobs with wages, salaries, and benefits) on the economy. Additionally, the secondary effect (indirect) on the economy is captured and the consumer based (induced) effects are calculated by the model.

Economic impact analysis typically utilizes an economic model input-output (I/O) which traces the flow of goods and services, income, and employment among related sectors of the economy. The I/O model generates a mathematical depiction of the flow of economic activity. *Id Est:*

Final demand changes on the industrial sector producing the good/service (output) purchases inputs from other industrial sectors, which in turn purchase inputs from other sectors. These industrial sectors purchase additional labor inputs. Employees of these industries use their compensation to purchase goods and services from the economy. Linkages between industries in a region create an economic ripple effect as a result of changes in demand for products. Strong linkages can lead to a healthier economy, as capital flows through the economy rather than out of it.

**Direct Effects:** Direct effects are the changes in economic activity during the first round of spending. These represent the impacts (e.g. change in employment) for the expenditures and /or production values specified as direct final demand changes.

**Indirect Effects:** Indirect effects are the changes in sales, income, or employment within the region in backward-linked industries supplying goods and services. These represent the impacts (e.g. change in employment) caused by the iteration of industries purchasing from industries resulting from direct final demand changes. New jobs will be created outside of the primary industry/direct impact industry.

Example: Direct Impact Industry – food and beverage manufacturing: Direct operational employment will result in indirect employment related to support and supplier services: Live stock trade, crop farming, plastics and rubber, utilities, truck and rail transportation, insurance, wholesale trade, equipment maintenance and repair, legal services, accounting, computer and data processing services, communications, credit agencies, and banking services, postal services, *et cetera*.

**Induced Effects:** These represent impacts (e.g. change in employment) on all local industries caused by the expenditures of new household income generated by the direct and indirect effects resulting from direct final demand changes. Induced effects may also reflect government or investment gains. New jobs created in the areas of food services, plumbing, medical/dental care, barbershops, clothing sales, police & fire protection, lawn care, legal services, financial services, real estate, merchandize stores, automobile dealers, & service stations, *et cetera*, are due to the direct and indirect effects of the initial creation of jobs.

**Total Value Added:** Indicates the total economic value (impact) attributable to Kentucky's workers and industries. Note: Data consistent with Kentucky's Gross State Product (GSP).

**Personal Income = Employee Compensation (Includes Benefits) + Proprietary Income**

**Employee Compensation (Includes Benefits)**—Employee compensation describes the total payroll costs (including benefits). Includes wage and salary payments (by employers) as well as benefits including overtime compensation, health and life insurance, retirement payments, and other non-cash compensation. Significant employment of seasonal and/or part-time workers may lower personal income averages.

**Proprietary Income**—Consists of payments received by self-employed individuals as income.

**Other Property Type Income**—Consists of payments for rents, royalties, and dividends payments to individuals in the form of rents received on property, royalties from contracts, and dividends paid by corporations. Corporate profits earned by corporations included.

**Table 2**  
**Estimated State and Local Taxes**  
**Food and Beverage Production Industry**

<b>State and Local Taxes (Estimates Exclude Education Taxes)</b>	<b>Direct and Indirect</b>	<b>Direct, Indirect, and Induced</b>
<b>Corporate Profits Tax (1)</b>	\$22,166,000	\$27,807,000
<b>Dividends (2)</b>	\$48,427,000	\$60,750,000
<b>Indirect Bus Tax: Motor Vehicle License (3)</b>	\$1,188,000	\$1,800,000
<b>Indirect Bus Tax: Other Taxes –Corp License, etc. (4)</b>	\$9,546,000	\$14,461,000
<b>Indirect Bus Tax: Property Tax (5)</b>	\$175,097,000	\$265,261,000
<b>Indirect Bus Tax: S/L Non Taxes (6)</b>	\$7,235,000	\$10,961,000
<b>Indirect Bus Tax: Sales Tax (7)</b>	\$66,701,000	\$101,048,000
<b>Indirect Bus Tax: Severance Tax (8)</b>	\$2,791,000	\$4,229,000
<b>Personal Tax: Income Tax (9)</b>	\$74,046,000	\$101,497,000
<b>Personal Tax: Motor Vehicle License (10)</b>	\$3,500,000	\$4,798,000
<b>Personal Tax: Non Taxes (Fines- Fees) (11)</b>	\$24,238,000	\$33,224,000
<b>Personal Tax: Other Tax (Fish/Hunt &amp; Licensing Fees) (12)</b>	\$1,524,000	\$2,089,000
<b>Personal Tax: Property Taxes (13)</b>	\$5,625,000	\$7,710,000
<b>Social Ins Tax- Employee Contribution (14)</b>	\$1,890,000	\$2,572,000
<b>Social Ins Tax- Employer Contribution (15)</b>	\$6,130,000	\$8,342,000
<b>Total State and Local</b>	<b>\$450,104,000</b>	<b>\$646,549,000</b>

**Table 3**  
**Estimated Federal Taxes**  
**Food and Beverage Production Industry**

<b>Federal Taxes</b>	<b>Direct and Indirect</b>	<b>Direct, Indirect and Induced</b>
<b>Corporate Profits Tax (16)</b>	\$101,090,000	\$126,813,000
<b>Indirect Bus Tax: Custom Duty (17)</b>	\$3,948,000	\$5,981,000
<b>Indirect Bus Tax: Excise (18)</b>	\$12,601,000	\$19,090,000
<b>Indirect Bus Tax: Federal Non Taxes (19)</b>	\$4,280,000	\$6,484,000
<b>Personal Tax: Income Taxes (20)</b>	\$72,263,000	\$99,052,000
<b>Personal Tax: Non Taxes (Fines – Fees) (21)</b>	-	-
<b>Social Ins Tax- Employee Contribution (Inclusive of Proprietary Income) (22)</b>	\$162,657,000	\$222,578,000
<b>Social Ins Tax- Employer Contribution (23)</b>	\$157,841,000	\$214,800,000
<b>Total Federal Taxes</b>	<b>\$514,680,000</b>	<b>\$694,798,000</b>

Notes:

- Estimates are statewide.
- Local education taxes are excluded.



**Table 4**  
**Estimated Value Added by Industry Sector**  
**Kentucky's Food and Beverage Industries**

<b>Industrial Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Crop Farming</b>	\$ -	\$ 212,729,000	\$ 7,014,000	\$ 219,743,000
<b>Livestock</b>	\$ -	\$ 373,920,000	\$ 6,610,000	\$ 380,530,000
<b>Forestry &amp; Logging</b>	\$ -	\$ 2,480,000	\$ 319,000	\$ 2,799,000
<b>Fishing- Hunting &amp; Trapping</b>	\$ -	\$ 1,282,000	\$ 107,000	\$ 1,390,000
<b>Ag &amp; Forestry Services</b>	\$ -	\$ 32,456,000	\$ 1,058,000	\$ 33,514,000
<b>Oil &amp; gas extraction</b>	\$ -	\$ 13,022,000	\$ 7,380,000	\$ 20,401,000
<b>Mining</b>	\$ -	\$ 2,891,000	\$ 995,000	\$ 3,886,000
<b>Mining services</b>	\$ -	\$ 85,000	\$ 45,000	\$ 131,000
<b>Utilities</b>	\$ -	\$ 53,091,000	\$ 28,656,000	\$ 81,747,000
<b>Construction</b>	\$ -	\$ 17,551,000	\$ 6,215,000	\$ 23,766,000
<b>Food products</b>	\$1,819,764,000	\$ 393,425,000	\$ 34,736,000	\$2,247,925,000
<b>Beverage &amp; Tobacco</b>	\$356,778,000	\$ 1,617,000	\$ 2,010,000	\$ 360,405,000
<i>Breweries</i>	\$ -	\$ 1,000	\$ 8,000	\$ 9,000
<i>Wineries</i>	\$ -	\$ 5,000	\$ 4,000	\$ 10,000
<i>Distilleries</i>	\$ -	\$ 431,000	\$ 980,000	\$ 1,411,000
<b>Tobacco stemming and redrying</b>	\$ -	\$ -	\$ 87,000	\$ 87,000
<b>Cigarette manufacturing</b>	\$ -	\$ -	\$ 10,289,000	\$ 10,289,000
<b>Other tobacco product manufacturing</b>	\$ -	\$ -	\$ 1,806,000	\$ 1,806,000
<b>Textile Mills</b>	\$ -	\$ 106,000	\$ 240,000	\$ 347,000
<b>Textile Products</b>	\$ -	\$ 37,000	\$ 84,000	\$ 121,000
<b>Apparel Mfg</b>	\$ -	\$ 109,000	\$ 8,393,000	\$ 8,502,000
<b>Leather &amp; Allied</b>	\$ -	\$ 68,000	\$ 649,000	\$ 717,000
<b>Wood Products</b>	\$ -	\$ 5,087,000	\$ 1,589,000	\$ 6,675,000
<b>Paper Manufacturing</b>	\$ -	\$ 821,000	\$ 125,000	\$ 945,000
<b>Printing &amp; Related</b>	\$ -	\$ 10,101,000	\$ 2,967,000	\$ 13,068,000
<b>Petroleum &amp; coal prod</b>	\$ -	\$ 7,216,000	\$ 3,952,000	\$ 11,169,000
<b>Chemical Manufacturing</b>	\$ -	\$ 6,913,000	\$ 3,240,000	\$ 10,153,000
<b>Plastics &amp; rubber prod</b>	\$ -	\$ 87,750,000	\$ 9,712,000	\$ 97,462,000
<b>Nonmetal mineral prod</b>	\$ -	\$ 5,438,000	\$ 1,028,000	\$ 6,465,000
<b>Primary metal mfg</b>	\$ -	\$ 124,000	\$ 111,000	\$ 236,000
<b>Fabricated metal prod</b>	\$ -	\$ 2,167,000	\$ 296,000	\$ 2,463,000
<b>Machinery Mfg</b>	\$ -	\$ 8,080,000	\$ 2,410,000	\$ 10,490,000
<b>Computer &amp; other electron</b>	\$ -	\$ 1,638,000	\$ 2,048,000	\$ 3,686,000
<b>Electrical Equipment &amp; appliances</b>	\$ -	\$ 595,000	\$ 403,000	\$ 998,000
<b>Transportation equipment</b>	\$ -	\$ 3,586,000	\$ 10,312,000	\$ 13,898,000
<b>Furniture &amp; related prod</b>	\$ -	\$ 477,000	\$ 4,740,000	\$ 5,217,000
<b>Miscellaneous mfg</b>	\$ -	\$ 412,000	\$ 636,000	\$ 1,048,000
<b>Wholesale Trade</b>	\$ -	\$ 478,212,000	\$ 101,922,000	\$ 580,134,000
<b>Air transportation</b>	\$ -	\$ 5,191,000	\$ 2,781,000	\$ 7,972,000
<b>Rail Transportation</b>	\$ -	\$ 44,487,000	\$ 2,744,000	\$ 47,231,000
<b>Water transportation</b>	\$ -	\$ 1,057,000	\$ 851,000	\$ 1,908,000
<b>Truck transportation</b>	\$ -	\$ 98,406,000	\$ 11,566,000	\$ 109,972,000
<b>Transit &amp; ground passengers</b>	\$ -	\$ 811,000	\$ 1,721,000	\$ 2,532,000
<b>Pipeline transportation</b>	\$ -	\$ 850,000	\$ 561,000	\$ 1,411,000
<b>Sightseeing transportation</b>	\$ -	\$ 8,436,000	\$ 1,048,000	\$ 9,483,000
<b>Postal service</b>	\$ -	\$ 7,349,000	\$ 5,996,000	\$ 13,345,000

**Continued: Table 4**  
**Estimated Value Added by Industry Sector**  
**Kentucky's Food and Beverage Industries**

Industrial Sector	Direct	Indirect	Induced	Total
Couriers & messengers	\$ -	\$ 5,225,000	\$ 1,406,000	\$ 6,632,000
Warehousing & storage	\$ -	\$ 51,205,000	\$ 3,494,000	\$ 54,699,000
Motor vehicle & parts dealers	\$ -	\$ 6,387,000	\$ 54,858,000	\$ 61,245,000
Furniture & home furnishings	\$ -	\$ 1,609,000	\$ 10,572,000	\$ 12,181,000
Electronics & appliances stores	\$ -	\$ 1,199,000	\$ 8,994,000	\$ 10,193,000
Bldg materials & garden dealers	\$ -	\$ 2,792,000	\$ 23,903,000	\$ 26,695,000
food & beverage stores	\$ -	\$ 4,409,000	\$ 36,892,000	\$ 41,301,000
Health & personal care stores	\$ -	\$ 2,236,000	\$ 18,217,000	\$ 20,453,000
Gasoline stations	\$ -	\$ 1,839,000	\$ 13,322,000	\$ 15,162,000
Closeting & accessories stores	\$ -	\$ 1,481,000	\$ 12,351,000	\$ 13,833,000
Sports- hobby- book & music stores	\$ -	\$ 821,000	\$ 6,950,000	\$ 7,771,000
General merchandize stores	\$ -	\$ 4,802,000	\$ 41,150,000	\$ 45,952,000
Misc retailers	\$ -	\$ 1,728,000	\$ 14,168,000	\$ 15,895,000
Non-store retailers	\$ -	\$ 1,342,000	\$ 11,515,000	\$ 12,857,000
Publishing industries	\$ -	\$ 3,883,000	\$ 2,512,000	\$ 6,395,000
Motion picture & sound recording	\$ -	\$ 716,000	\$ 1,251,000	\$ 1,967,000
Broadcasting	\$ -	\$ 21,526,000	\$ 33,067,000	\$ 54,593,000
Internet & data process services	\$ -	\$ 4,777,000	\$ 1,281,000	\$ 6,058,000
Credit intermediation & related	\$ -	\$ 42,316,000	\$ 16,937,000	\$ 59,254,000
Securities & other financial	\$ -	\$ 8,728,000	\$ 11,796,000	\$ 20,524,000
Insurance carriers & related	\$ -	\$ 21,658,000	\$ 29,944,000	\$ 51,601,000
Funds- trusts & other financial	\$ -	\$ 9,000	\$ 983,000	\$ 992,000
Monetary authorities	\$ -	\$ 65,513,000	\$ 47,586,000	\$ 113,099,000
Real estate	\$ -	\$ 75,708,000	\$ 71,191,000	\$ 146,899,000
Rental & leasing services	\$ -	\$ 19,362,000	\$ 14,103,000	\$ 33,465,000
Lessor of non finance intangible assets	\$ -	\$ 6,854,000	\$ 827,000	\$ 7,681,000
Professional- scientific & tech service	\$ -	\$ 192,738,000	\$ 56,291,000	\$ 249,029,000
Management of companies	\$ -	\$ 132,544,000	\$ 13,060,000	\$ 145,604,000
Admin support service	\$ -	\$ 33,582,000	\$ 20,917,000	\$ 54,499,000
Waste mgmt & remediation service	\$ -	\$ 7,384,000	\$ 2,084,000	\$ 9,468,000
Educational service	\$ -	\$ 480,000	\$ 13,541,000	\$ 14,021,000
Ambulatory health care	\$ -	\$ 110,000	\$ 149,730,000	\$ 149,840,000
Hospitals	\$ -	\$ -	\$ 64,279,000	\$ 64,279,000
Nursing & residential care	\$ -	\$ -	\$ 34,958,000	\$ 34,958,000
Social assistance	\$ -	\$ 1,000	\$ 21,396,000	\$ 21,398,000
Performing arts & spectator sport	\$ -	\$ 4,838,000	\$ 6,268,000	\$ 11,105,000
Museums & similar	\$ -	\$ -	\$ 699,000	\$ 699,000
Amusement- gambling & recreation	\$ -	\$ 1,986,000	\$ 13,456,000	\$ 15,442,000
Accommodations	\$ -	\$ 8,062,000	\$ 9,137,000	\$ 17,199,000
Food services & drinking places	\$ -	\$ 18,871,000	\$ 74,552,000	\$ 93,424,000
Repair & maintenance	\$ -	\$ 49,090,000	\$ 27,777,000	\$ 76,867,000
Personal & laundry service	\$ -	\$ 2,826,000	\$ 21,550,000	\$ 24,375,000
Religious- grant making- & similar	\$ -	\$ 4,313,000	\$ 13,539,000	\$ 17,852,000
Private households	\$ -	\$ -	\$ 5,976,000	\$ 5,976,000
Government & non NAICs	\$ -	\$ 64,834,000	\$ 341,972,000	\$ 406,806,000
<b>Total Value Added</b>	<b>\$2,176,542</b>	<b>\$2,770,296,000</b>	<b>\$1,670,896,000</b>	<b>\$6,617,734,000</b>

**Table 5**  
**Estimated Employment by Industry Sector**  
**Kentucky's Food and Beverage Industries**

<b>Industrial Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Crop Farming</b>	-	10,855	358	11,213
<b>Livestock</b>	-	45,749	809	46,558
<b>Forestry &amp; Logging</b>	-	52	7	58
<b>Fishing- Hunting &amp; Trapping</b>	-	31	3	34
<b>Ag &amp; Forestry Services</b>	-	2,047	67	2,114
<b>Oil &amp; gas extraction</b>	-	56	32	87
<b>Mining</b>	-	24	8	32
<b>Mining services</b>	-	1	0	1
<b>Utilities</b>	-	207	112	319
<b>Construction</b>	-	414	147	560
<b>Food products</b>	23,108	4,996	441	28,545
<b>Beverage &amp; Tobacco</b>	4,573	21	26	4,620
<i>Breweries</i>	-	-	-	-
<i>Wineries</i>	-	0	0	0
<i>Distilleries</i>	-	1	2	3
<b>Tobacco stemming and redrying</b>	-	-	1	1
<b>Cigarette manufacturing</b>	-	-	6	6
<b>Other tobacco product manufacturing</b>	-	-	4	4
<b>Textile Mills</b>	-	2	5	7
<b>Textile Products</b>	-	1	2	3
<b>Apparel Mfg</b>	-	2	165	167
<b>Leather &amp; Allied</b>	-	2	16	18
<b>Wood Products</b>	-	115	36	151
<b>Paper Manufacturing</b>	-	10	1	11
<b>Printing &amp; Related</b>	-	175	51	226
<b>Petroleum &amp; coal prod</b>	-	31	17	49
<b>Chemical Manufacturing</b>	-	48	23	71
<b>Plastics &amp; rubber prod</b>	-	1,083	120	1,203
<b>Nonmetal mineral prod</b>	-	66	13	79
<b>Primary metal mfg</b>	-	2	2	3
<b>Fabricated metal prod</b>	-	32	4	37
<b>Machinery Mfg</b>	-	119	36	155
<b>Computer &amp; other electron</b>	-	19	24	43
<b>Electrical Equipment &amp; appliances</b>	-	5	4	9
<b>Transportation equipment</b>	-	33	93	126
<b>Furniture &amp; related prod</b>	-	10	100	110
<b>Miscellaneous mfg</b>	-	7	11	18
<b>Wholesale Trade</b>	-	5,101	1,087	6,188
<b>Air transportation</b>	-	44	23	67
<b>Rail Transportation</b>	-	310	19	329
<b>Water transportation</b>	-	10	8	18
<b>Truck transportation</b>	-	2,176	256	2,432
<b>Transit &amp; ground passengers</b>	-	34	73	107
<b>Pipeline transportation</b>	-	10	6	16
<b>Sightseeing transportation</b>	-	138	17	156
<b>Postal service</b>	-	125	102	228
<b>Couriers &amp; messengers</b>	-	58	16	74

**Continued: Table 5**  
**Estimated Employment by Industry Sector**  
**Kentucky's Food and Beverage Industries**

<b>Industrial Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Warehousing & storage	-	942	64	1,006
Motor vehicle & parts dealers	-	108	926	1,034
Furniture & home furnishings	-	37	241	277
Electronics & appliances stores	-	26	194	220
Bldg materials & garden dealers	-	56	478	533
food & beverage stores	-	139	1,162	1,301
Health & personal care stores	-	51	418	469
Gasoline stations	-	61	441	502
Closeting & accessories stores	-	55	456	511
Sports- hobby- book & music stores	-	31	265	297
General merchandize stores	-	133	1,144	1,277
Misc retailers	-	80	657	737
Non-store retailers	-	64	549	613
Publishing industries	-	73	47	120
Motion picture & sound recording	-	29	50	79
Broadcasting	-	197	302	499
Internet & data process services	-	92	25	117
Credit intermediation & related	-	465	186	651
Securities & other financial	-	192	259	451
Insurance carriers & related	-	269	372	642
Funds- trusts & other financial	-	0	40	40
Monetary authorities	-	523	380	903
Real estate	-	1,088	1,023	2,111
Rental & leasing services	-	338	247	585
Lessor of non finance intangible assets	-	10	1	11
Professional- scientific & tech service	-	2,995	875	3,870
Management of companies	-	1,267	125	1,392
Admin support service	-	1,465	913	2,378
Waste mgmt & remediation service	-	113	32	145
Educational service	-	24	672	696
Ambulatory health care	-	2	2,269	2,271
Hospitals	-	-	1,535	1,535
Nursing & residential care	-	-	1,130	1,130
Social assistance	-	0	1,228	1,228
Performing arts & spectator sport	-	240	310	550
Museums & similar	-	-	28	28
Amusement- gambling & recreation	-	72	489	561
Accommodations	-	218	247	465
Food services & drinking places	-	923	3,647	4,570
Repair & maintenance	-	1,487	842	2,329
Personal & laundry service	-	103	789	892
Religious- grant making- & similar	-	168	528	696
Private households	-	-	833	833
Government & non NAICs	-	914	4,822	5,737
<b>Total Value Added</b>	<b>27,681</b>	<b>89,272</b>	<b>35,592</b>	<b>152,545</b>

## **Tax Data Sources**

**Estimated tax impact report values are based on the existing relationships of the data found in the IMPLAN database. The general sources for that data are described immediately below:**

**National Income and Product Accounts (NIPA):** As with all items in the IMPLAN data sets, all data is ultimately controlled, at the US level, by the BEA's (Bureau of Economic Analysis) NIPA (National Income and Product Accounts) values. For 2002 IMPLAN data, the national values were controlled with the NIPA accounts utilizing the Survey of Current Business – Personal Tax and Non Tax Receipts, Indirect Business Tax and Non Tax Accruals, and Contributions for Social Insurance. Federal Government Receipts and Current Expenditures, and State and Local Government Receipts and Current Expenditures contain controls for all the IMPLAN data elements found in the Tax Impact report.

**Consumer Expenditure Survey (CES):** The Bureau of the Census annually conducts surveys and diary samplings of household expenditure patterns. It is from these surveys that the BEA benchmarks the personal consumption expenditure portion of NIPA. The survey data is reported for nine different categories of household income establishing the tax to income level relationships for the nine different household categories. It is based on these relationships that we can distribute many of the state and federal tax values to a county and state level by utilizing the number of local households in each of the nine household categories.

**Annual Survey of State and Local Government Finances (SLGF):** The Bureau of the Census also collects annual state and local government receipts and expenditures data. This data acts as preliminary controls for state level values (subject to controlling to the National NIPA values).

**Regional Economic Information System (REIS):** The BEA collects and reports income, wealth, tax, and employment data on a regional (state and county) basis. Much of the data used to distribute the United States NIPA values to states and counties come from REIS tables: Personal Income by Major Source and Earnings by Industry, and Personal Tax and Non Tax Payments.

## **State and Local Tax Definitions and Sources**

### **1) State & local government corporate profits tax.**

**Source:** US NIPA value ("Corporate profits tax accruals" table) is distributed to states based on "Tax – Corporate Net Income" from the SLGF. The state distribution to counties is based on their proportion of state Other Property Income (from IMPLAN database).

### **2) State & local government dividends represents dividend payments to government by corporations from investments.**

**Source:** US NIPA value ("Dividends received by government" table) is distributed to states based upon: "Employee Retirement – Securities – Mortgages"; "Employee Retirement – Securities – Corporate Stocks"; "Employee Retirement – Securities – Corporate Bonds"; and "Employee Retirement – Total Other Securities" from the SLGF. The state distribution to counties is based on their proportion of state Other Property Income (from IMPLAN database).

### **3) Motor vehicle license taxes paid to state and local governments.**

**Source:** US NIPA value ("State and Local: Motor Vehicle Licenses" table) is distributed to states based on each state's proportion of "Tax – Motor Vehicle Operator's License" plus "Tax – Motor Vehicle License" from the SLGF. State values are distributed to counties based on total "Personal Income" from the BEA REIS (Personal Income) table.

### **4) Other taxes paid to state and local governments include business licenses, documentary, and stamp taxes.**

**Source:** US NIPA value ("State and Local: Other taxes" table) is distributed to states based on each state's proportion of: "Tax – Corporation License"; "Tax – Amusement License"; "Tax – Other License"; "Tax – Documentary & Stock Transfer"; "Tax – Public Utility License"; "Tax – Alcoholic Beverage License"; "Tax – Occupation & Business License, NEC"; and "Tax – NEC" from the SLGF. State values are distributed to counties based on total "Personal Income" from the BEA REIS (Personal Income) table.

### **5) Property taxes paid to state and local governments.**

**Source:** US NIPA value ("Indirect business tax and non tax accruals: Property Taxes" table) is distributed to states based on each state's proportion of "Tax – Property" from the SLGF. State values are distributed to counties based on total "Personal Income" from the BEA REIS (Personal Income) table.

### **6) Non taxes paid to state and local governments include rents and royalties, special assessments, fines, settlements, and donations.**

**Source:** US NIPA value ("State and Local: Non taxes" table) is distributed to states based on each state's proportion "Miscellaneous – Rents"; "Miscellaneous – Special Assessments"; "Miscellaneous – Royalties"; and "Miscellaneous –

Donations From Private Sources” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**7) Sales taxes paid to state and local government.**

Source: US NIPA value (“Indirect business tax and non tax accruals: Property taxes”) is distributed to states based on each state’s proportion of “Tax – Total General Sales” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**8) Severance taxes paid to state and local governments.**

Source: US NIPA value (“State and Local: Severance taxes”) is distributed to states based on each state’s proportion of “Tax - Severance” plus “Tax – Motor Vehicle License” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**9) Household personal income tax payments to state and local governments.**

Source: US NIPA value (“State and local: Income taxes” table) is distributed to states based on “Tax – Individual Income” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**10) Household personal motor vehicle fee payments to state and local governments.**

Source: US NIPA value (“State and local: Motor Vehicle Licenses” table) is distributed to states based on “Miscellaneous – Fines & Forfeits ” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**11) Household personal non tax payments to state and local governments include payments for fines and donations.**

**12) Household personal--other tax payments to state and local governments--includes hunting, fishing, and other personal licenses.**

Source: US NIPA value (“State and local: Other taxes” table) is distributed to states based on “Tax – Hunting and Fishing License ” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**13) Household personal property tax payments to state and local governments.**

Source: US NIPA value (“State and local: Property taxes” table) is distributed to states based on “Tax – Property ” from the SLGF. State values are distributed to counties based on total “Personal Income” from the BEA REIS (Personal Income) table.

**14) The employee paid portion for state social insurance – this represents retirement plans and temporary disability insurance.**

Source: US NIPA value (“Personal contributions: State and local social insurance funds) is distributed to states and based on each state’s share of employee paid state social insurance specified in the SLGF. The SLGF categories comprising employee paid state social insurance are “Employee Retirement – Local Employee Contribution”; “Employee Retirement – State Employee Contribution”; and “Workers Compensation – Other Contributions.” County distribution is based on the county’s portion of state and local government non-education employee compensation from IMPLAN.

**15) The Employer Paid Portion for state social insurance -- represents retirement plans, worker’s comp, and temporary disability insurance.**

Source: US NIPA value (“Employer contributions: State and local social insurance funds) is distributed to states and based on each state’s share of employer paid state social insurance specified in the SLGF. The SLGF categories comprising employer paid state social insurance are “Employee Retirement – From Local Government”; “Employee Retirement – From State Government;” “Unemployment Compensation – Contribution”; and “Workers Compensation – Own Contributions”. County distribution is based on the county portion of state and local government non-education employee compensation from IMPLAN.

**Federal Tax Definitions and Sources**

**16) Federal corporate profits tax.**

Source: US NIPA value (“Corporate profits tax accruals” table) is distributed to states and counties based on their proportion of US Other Property Income (from IMPLAN database).

**17) Custom duties are gross collections - net refunds.**

Source: US NIPA value (“Federal: Customs duties” table) is distributed to states and counties based on IMPLAN estimates of total IBT for all industries in relationship to US total IBT.

**18) Includes federally levied excise taxes on alcohol, tobacco, telephones, coal, fuels, air transportation, vehicles, et cetera.**

Source: US NIPA value (“Federal: Excise taxes” table) is distributed to states and counties based on IMPLAN estimates of total IBT for all industries in relationship to US total IBT.



**19) Total Indirect Business Tax (IBT) federal non-tax payments include petroleum royalties, fines, regulatory fees, forfeitures, and donated funds.**

Source: US NIPA value ("Federal: Non taxes" table) is distributed to states and counties based on IMPLAN estimates of total IBT for all industries in relationship to US total IBT.

**20) Income taxes are taxes paid to the Federal Government through withholding, declarations, and final settlement less refunds.**

Source: State "Federal government: Individual income taxes (net of refunds)" from REIS tax tables are controlled to the US NIPA value ("Federal: Income Taxes"). State values are distributed to counties based on total "Personal Income" from the BEA REIS Personal Income table.

**21) Personal non taxes consist of a variety of small payments –*exempli gratia*- passport and immigration fees, fines, and migratory bird-hunting stamps.**

Source: State "Federal Government: Non Taxes" from REIS tax tables is controlled to the US NIPA value ("Federal: Non Taxes" table). State values are distributed to counties based on total "Personal Income" from the BEA REIS Personal Income table.

**22) The employee paid portion for federal social insurance – this includes Social Security, unemployment insurance, medical and retirement plans.**

Source: US NIPA value "Personal contributions: Federal social insurance funds" minus "Old-age, survivors, disability and hospital insurance: Self-employed " is distributed to states and counties based on the "Personal Contribution for Social Insurance" from BEA REIS (Personal Income) table.

**22a) Federal social insurance paid by self-employed – this includes Social Security, unemployment insurance, medical, and retirement plans.**

Source: US NIPA value ("Personal contributions: Federal social insurance funds: Old-age, survivors, disability and hospital insurance: Self-employed ") is distributed to states and counties based on the "Proprietors' Income" from BEA REIS (Personal Income) table.

**23) The employer paid portion for federal social insurance – this includes Social Security, medical and retirement plans.**

Tax Sources: US NIPA value ("Employer contributions: Federal social insurance funds") is distributed to states and counties based on the "Personal Contribution for Social Insurance" from BEA REIS (Personal Income) table. The employer paid portion is assumed to be a constant proportion of the personal paid proportion. This assumption will be affected by a greater or lesser value than average proprietor income.

#### **Methodology/Sources (partial)**

The economic impacts estimates and conclusions resulting from this study have been derived from Minnesota IMPLAN Group, Inc. databases. This aggregate database is primarily composed of government data sources including information from

- US Bureau of Economic Analysis Benchmark I/O Accounts of the US;
- US Bureau of Economic Analysis Output Estimates;
- US Bureau of Economic Analysis REIS Program;
- US Bureau of Labor Statistics ES 202 Program;
- US Bureau of Labor Statistics Consumer Expenditure Survey;
- US Bureau of County Business Patterns;
- US Census Bureau Decennial Census and Population Surveys;
- US Census Bureau Economic Census and Surveys;
- US Department of Agriculture; and
- US Geological Survey.

MIG, Inc. 2003 databases and IMPLAN 1997-2003, 2.0.1025 matrices are utilized in the computation of economic impact estimates.

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